



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0243	Title:	Full public disclosure of hydraulic fracturing fluid chemicals
Primary Sponsor:	Dunwell, Mary Ann	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$17,799	\$12,049	\$12,230	\$12,413
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 243 requires the Board of Oil and Gas Conservation (BOGC) to post notice pertaining to fracturing fluids to the BOGC website prior to the owner commencing fracturing. This would result in an increase in staff time necessary to carry out the tracking of the information and ensuring the required notification.

FISCAL ANALYSIS

Assumptions:

1. It is assumed that approximately 250 wells will be proposed for hydraulic fracturing annually.
2. Based on Assumption 1, HB 243 would require an increase in time spent: receiving and checking in fracturing requests; verifying the data; preparing the information and posting the information to the BOGC website; and, at the end of the proposed 45 days, verifying the owner has carried out notice as required in Section 1(3).
3. An additional 0.50 FTE administrative support would be required to fulfil the duties associated with the new requirement. Operating expenditures for the position would include the standard operating expenses of \$2,875 in FY 2016 which includes an office package, computer, communication services, and supplies and materials

4. A 1.5% per year inflation factor is applied for the 2019 biennium.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$12,049	\$12,049	\$12,230	\$12,413
Operating Expenses	\$2,875	\$0	\$0	\$0
TOTAL Expenditures	\$14,924	\$12,049	\$12,230	\$12,413
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$14,924	\$12,049	\$12,230	\$12,413
TOTAL Funding of Exp.	\$14,924	\$12,049	\$12,230	\$12,413
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$14,924)	(\$12,049)	(\$12,230)	(\$12,413)

Technical Notes:

1. The immediate effective date would require immediate availability of the website or a temporary posting location pending final site design.
2. A complete composition of fracturing fluids may not be available for wildcat wells. It might not be known at the time of permitting whether or not fracture stimulation is necessary. Regarding Section 4(1), the owner or operator referenced in Section 4(1) may not be the holder of the trade secret referenced in Section 4(2).
3. There appears to be a potential conflict in the use of the word "confidential" in Section 4(4)(b): "Information describing physical or chemical characteristics of fracturing fluids that have been or may be released into the environment **are not considered confidential**. The administrator has access to and may use any trade secret information in carrying out the activities of [section 1] as may be necessary to protect the public health, safety, or welfare or the environment **while maintaining the information as confidential**" (emphasis added).

Sponsor's Initials

Date

Budget Director's Initials

Date

